

Message Text

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ACTION EUR-12

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FM US MISSION EC BRUSSELS

TO SECSTATE WASHDC 1494

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E.O. 11652: N/A

TAGS: ETRD, EAID, EEC, ACP

SUBJECT: EC/AP: STABEX ALLOCATIONS FOR 1975

1. THE EC COMMISSION EXPECTS TO ANNOUNCE ON THURSDAY, JULY 8 FINANCIAL TRANSFERS VALUED AT NEARLY 72 MILLION UNITS OF ACCOUNT (MUA, APPROXIMATELY \$78 MILLION) COVERING EC/ACP TRADE IN 1975 UNDER THE STABEX SYSTEM OF THE LOME CONVENTION. (IT WILL BE RECALLED THAT UNDER THE "STABEX", OR STABILIZATION OF EXPORT EARNINGS, CHAPTER OF LOME, 350 MUA WERE SET ASIDE--75/MUA PER ANNUM--TO BE USED TO PROVIDE "FINANCIAL TRANSFERS". THESE TRANSFERS TAKE THE FORM OF GRANTS OR LOANS FROM THE EC TO THE ACPS WHENEVER EC/ACP TRADE IN ANY OF THE TWELVE COVERED COMMODITIES DECLINES WITH RESPECT TO A MOVING REFERENCE VALUE, TAKING INTO ACCOUNT CERTAIN "EXPORT DEPENDENCY" AND "FLUCTUATION" THRESHOLDS- SEE 75 EC BRUSSELS 1519 FOR MORE BACKGROUND.

2. THESE STABEX ALLOCATIONS, WHICH ARE BASED ON EC/ACP TRADE IN 1975, REPRESENT THE FIRST SUBSTANTIAL TRANSFER OF FINANCIAL RESOURCES FROM THE EC TO THE ACPS UNDER THE LOME CONVENTION, WHICH CAME INTO FORCE APRIL 1, 1976. TIMBER, HIDES AND SKINS, COTTON, COFFEE AND GROUNDNUTS ARE THE MAJOR COMMODITIES INVOLVED. COMMISSION SOURCES INDICATE

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THAT TWO-THIRDS OF THESE TRANSFERS RELATE TO WHAT IS DESCRIBED

AS THE "ECONMIC CRISIS", IN PARTICULAR THE EFFECT OF DEPRESSED
ECONOMIC ACTIVITY WITHIN THE EC ON TRADE IN THESE ITEMS.
THE REMAINING THIRD RELATES TO
"LOCAL ACCIDENTS"- NATURAL DISASTERS, MISMANAGEMENT, ETC.
APPROXIMATELY HALF THE STABEX AID WILL TAKE THE FORM OF
OUTRIGHT GRANTS WHILE THE OTHER HALF WILL BE
INTEREST FREE LOANS WHICH, IN THEORY AT LEAST, ARE SUPPOSED
TO BE PAID BACK IN PERIODS WHEN EXPORT EARNINGS PERFORMANCE
PERMITS. THERE FOLLOWS A COMPLETE LISTING OF THE ACP
BENEFICIARIES, THE PRODUCTS AFFECTED AND THE AMOUNT OF THE
TRANSFER. THIS INFORMATION WAS OBTAINED IN CONFIDENCE
AND ANY REVELATION OF US POSSESSION PRIOR TO THE COMMISSIONER
CHEYSSON'S PLANNED JULY 8 ANNOUNCEMENT WOULD SERIOUSLY
EMBARRASS US.

ACP BENEFICIARY PRODUCT STABEX TRANSFER IN UA

BENIN	GROUNDNUTS	464,330
	COFFEE	1,174,883
	COTTON	4,299,556
	OIL CAKE	1,191,079
BURUNDI	COTTON	965,602
	HIDES & SKINS	520,053
CAMEROON	TROPICAL TIMBER	3,601,423
C.A.R.	COFFEE	47,285
CONGO-BRAZZAVILLE	TROPICAL TIMBER	7,361,677
IVORY COAST	TROPICAL TIMBER	15,000,000
ETHIOPIA	COFFEE	9,339,683
	HIDES & SKINS	5,080,364
FIJI	COCONUT OIL	615,410
CHANA	TROPICAL TIMBER	5,176,408
UPPER VOLTA	GROUND NUTS	685,239
	COTTON	175,936
NIGER	GROUND NUTS	5,441,294
	HIDES & SKINS	507,747
SOMALIA	FRESH BANANAS	1,296,907
	HIDES & SKINS	635,238
SUDAN	HIDES & SKINS	1,658,579
TANZANIA	COTTON	1,887,082
TOGO	COFFEE	2,680,324
UGANDA	COTTON	1,748,932
WESTERN SAMOA	COCOA	276,978

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TOTAL 71,832,009 HINTON

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